The participating countries recognize the following, among other, considerations as the basis for this agreement:

A. They have a common responsibility to take co-operative and constructive action to facilitate the expansion of national economies, in particular with a view to the development of world trade.

B. They must, therefore, co-operate in:

1. Assisting the less-developed countries to achieve an adequate rate of economic growth, including the development of types of industrial production appropriate to their resources;

2. Permitting the less-developed countries reasonable access to the markets of the world, so that they may, be selling the fruits of their production, begin to earn the foreign exchange resources necessary for the ultimate achievement of self-sustaining growth; and

3. Maintaining conditions in world markets in which economically advanced countries can, with a minimum of social and economic dislocation, effect those adjustments in their production required for the optimum use of resources in a dynamic world economy.

C. The abrupt increase in imports of certain major products, under conditions which cause or threaten the disruption of existing markets for established domestic industries, may tend to retard rather than advance the expansion of world trade, since:

1. It makes it difficult for an importing country to accomplish those structural changes essential to an efficient use of resources without the danger of undue social or economic hardship, and

2. It tends to produce unemployment which, while temporary and limited in scope, may be so concentrated as to result in distress within individual communities and industries.
D. Attempts of countries to deal unilaterally with such disruptive imports tend to take the form of restrictive measures, including quantitative limitations, that invite retaliation and impede the expansion of international trade.

E. World markets for cotton textiles are peculiarly subject to the rapid development of new sources of production and shifting trade patterns; under these circumstances, the sound growth of international trade in cotton textiles is threatened by the rapid development of export surpluses, particularly on the part of the developing nations, which can be assimilated only by making possible the orderly expansion of imports.

II

Guiding Principles

Faced with the need to prevent a glut of cotton textile exports from causing harmful disruption, while at the same time recognizing the necessity of facilitating the development of international markets, the participating countries are determined to seek an arrangement which will permit the expansion of world trade in cotton textiles on an orderly basis. To this end, they endorse the following principles:

A. Participating countries which presently impose quantitative restrictions on imports of cotton textiles shall significantly increase access to their markets by the progressive relaxation of such restrictions in accordance with the provisions of this agreement or of GATT.

B. Participating countries which are not presently imposing quantitative restrictions on imports of cotton textiles shall impose no restrictions other than those permitted under the arrangements contemplated by this agreement or under the GATT.

C. Exporting participating countries shall, with respect of their cotton textile exports, accept such measures of restraint in their export policies as would avoid disruption of the markets of the importing countries.

D. Participating countries shall give effect to these principles:

1. By developing an appropriate international arrangement regarding trade in cotton textiles over an agreed period of years, and,

2. By agreeing, pending the development of such a longer term arrangement, on provisional measures respecting trade in cotton textiles during the calendar year 1962.